COMMONWEALTH OF MASSACHUSETTS
BEFORE THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Application of Cambridge Electric Light Company for Approval of the 2001 Amendatory Agreement	)	D.T.E. 01-94

AFFIDAVIT OF ROBERT H. MARTIN
IN SUPPORT OF CAMBRIDGE ELECTRIC LIGHT COMPANY'S
MOTION TO REOPEN THE RECORD AND MAKE
AN ADDITIONAL FINDING

My name is Robert H. Martin. My business address is 800 Boylston Street, Boston, Massachusetts 02199. I am the Director, Electric Energy Supply, Asset Divestiture and Outsourcing for NSTAR Electric & Gas Corporation. In that capacity, I am responsible for coordinating the divestiture of the generating assets and entitlements and the procurement of supplies for Standard Offer and Default Service for Cambridge Electric Light Company ("Cambridge" or the "Company"), Commonwealth Electric Company ("Commonwealth"), and Boston Edison Company ("Boston Edison"), (collectively, "NSTAR Electric").

With respect to the D.T.E. 01-94 proceeding, I testified on behalf of Cambridge as to the customer benefits of the 2001 Amendatory Agreement with Vermont Yankee Nuclear Power Corporation ("VYNPC"). The Department of Telecommunications and Energy ("Department") approved that agreement in its order issued on June 4, 2002 in Cambridge Electric Light Company, D.T.E. 01-94 (2002) (the "June 4 Order").

The Department's June 4 Order refers to a March 12, 2002 agreement between Cambridge and the Massachusetts Attorney General pertaining to the sharing of excess

nuclear decommissioning funds, if any, from VYNPC's nuclear power station in Vernon, Vermont ("Vermont Yankee") (June 4 Order at 6). The agreement provides, in pertinent part, that there will be a 50%-50% sharing of excess nuclear decommissioning funds between the buyer of Vermont Yankee and Cambridge's customers (see Exh. AG-RR-SUPP-1(a)). Cambridge, along with other entities with an interest in VYNPC, agreed to the 50-50 treatment of excess nuclear decommissioning costs, if any.

In my opinion, it is highly doubtful whether there will be any excess nuclear decommissioning funds when Vermont Yankee is retired.[1] The buyer of Vermont Yankee, Entergy Nuclear Vermont, LLC ("Entergy") has indicated it will seek a license extension for Vermont Yankee. If the license is extended, decommissioning may not be completed until many decades in the future. It is simply not possible to anticipate decommissioning costs with any degree of certainty that far into the future. Under certain sets of assumptions, however, it is theoretically possible that there could be excess nuclear decommissioning funds available from Vermont Yankee.

Subsequent to the March 12, 2002 agreement on excess decommissioning and the Department's June 4 Order, I became aware of orders by the Public Service Board of the State of Vermont ("VPSB") that rejected the sharing of any excess nuclear decommissioning funds and mandated all such funds to be returned to customers. It is my understanding that the Entergy found the treatment mandated by VPSB unacceptable and threatened to refuse to consummate the sale of Vermont Yankee.

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[1] In fact, the Public Service Board of Vermont ("VPSB") found in its order approving the sale, that "the likelihood of large excess decommissioning funds is remote." Investigation into General Order No. 45 Notice filed by Vermont Yankee Nuclear Power Corporation regarding: proposed sale of Vermont Yankee Nuclear Power Station to Entergy Nuclear Vermont Yankee, LLC, and related transactions, Docket No. 6545 (June 13, 2002), at 12, n.12.

Cambridge and the other entities with an interest in the sale of Vermont Yankee viewed the terms of the sale overall as very favorable to customers and therefore, after receiving the VPSB orders, discussions were initiated in an attempt to adjust the treatment of excess decommissioning funds to preserve the value of the deal within the changed regulatory environment.

As a result of these negotiations, the entities with an interest in Vermont Yankee arrived at further agreements (the "Liquidation Agreements") that in my opinion has, at minimum, preserved any value of excess decommissioning funds for Cambridge's customers. A copy of the transmittal letter filed with the VPSB, along with copies of the Liquidation Agreements, are included as Attachment 1. In fact, I believe the Liquidation Agreements are more advantageous to Cambridge's customers than the 50-50 sharing arrangement referred to by the Department in its Order. The Liquidation Agreements are described in paragraph 9 of the accompanying Motion to Re-Open the Record and Make an Additional Finding.

Under the Liquidation Agreements, Cambridge would receive $83,333 from the Vermont utilities with an interest in VYNPC and in return Cambridge would assign its future interests in Vermont Yankee excess decommissioning funds, if any, to Entergy. This arrangement is highly advantageous to Cambridge's customers because the customers are guaranteed a sum for excess decommissioning when it is highly doubtful and speculative as to whether such excess decommissioning funds would be available at the time of decommissioning. In addition, Cambridge's customers will receive the payment now, rather than waiting for decades for any possible payment, which may never be received.

The amount of the payment to Cambridge is based on an assumption that the amount of excess decommissioning funds for Vermont Yankee will be as much as $100 million. As I've indicated, it is impossible to specify with any certainty the amount of excess decommissioning funds for Vermont Yankee, or whether there will be any excess at all. Nonetheless, for the purpose of this agreement, the entities with an interest in VNYPC assumed excess decommissioning funds at the high end of a reasonably possible range. A $1.5 million immediate payment to the non-Vermont entities represents a present value payment in excess of $100 million for excess decommissioning. This results in an immediate payment of approximately $83,333 to Cambridge. The calculation of the amount is set forth in Attachment 2.

In sum, it is my opinion that the new arrangement under which Cambridge will be paid $83,333 preserves the value to customers of the agreement Cambridge entered into with the Attorney General on March 12, 2002, and, in fact, is quite likely a far better deal for Cambridge's customers.

I hereby swear, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge and belief.

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Robert H. Martin

Dated: July 25, 2002